



State of Iowa

Human Resource Management Staffing Decision Guide

May 2001



PURPOSE

The purpose of the State of Iowa Staffing Decision Guide is to provide a systematic process to be undertaken when contemplating changes to the current way of accomplishing work. Changes may be triggered by reorganization, new program responsibilities, the transfer of functions, or the opportunities provided by a job vacancy. These are examples; there may be other applications.

Whenever a vacancy occurs, the organization is confronted with a problem to solve. The typical response is to find an immediate replacement. However, replacement is not always appropriate and this "hit-and-run" approach may bring with it shortcomings. The Staffing Decision Guide has been developed to aid managers in methodically thinking through the hiring process, while considering other aspects of that decision as well. The Staffing Decision Guide is a resource to capture and analyze information so that decisions being made are grounded in experience, data and a methodology that brings about an macro thinking to the hiring process and related decisions.

This guide is set up so you can review the sample Staffing Decision Guide and utilize an interactive spreadsheet that will provide you with insight to facilitate your decisions. Please remember that the Staffing Decision Guide was designed as a tool to supplement your thinking and is not intended as a mandate or to dictate policy. Training on using the Staffing Decision Guide will be provided by the Iowa Department of Personnel. Your department's personnel officer and IDOP's Workforce Planning Coordinator are additional resources.

HUMAN RESOURCE MANAGEMENT STAFFING DECISION GUIDE

Utilize the interactive worksheet disk that accompanies the Staffing Decision Guide along with the work samples in the Guide to facilitate your decisions. For your convenience, formulas are built into the worksheets and are linked so that your input cascades through to the Summary Worksheet without duplicated effort on your part. Some criteria are weighted heavier than others are. **The numbers that are associated with the questions are intended to convey a concept and relationships are not scientifically grounded mathematical expressions.**

The process begins with the premise that somehow work must be accomplished. However, there are various ways to obtain human capital and technology, and improve work processes in order to fulfill the work requirements. The Staffing Decision Guide can be utilized to provide data about hiring costs and other considerations to provide insight and to support your final decision.

The sample Staffing Decision Guide provides step-by-step guidance to explore hiring options. At all times while you are going through the process, you should keep in mind the objectives and guiding principles that the Governor has set forth so that there is an alignment between the enterprise vision and your specific decisions. The sample Staffing Decision Guide exercise provided in this Guide is broken down into seven steps asking specific Yes and No questions and calling for cost data. The seven areas are:

1. Should the work continue?
2. Can the process be improved and/or automated?
3. Should the position be reclassified?
4. Is there a successor?
5. Can the work be contracted out? What is the cost?
6. What is the total cost to hire an employee?
7. Summary. The Summary worksheet brings together your thought processes in a single place to provide a snapshot of your thinking.

Remember that this information is only support to your decision. The decision remains yours to make.

NOTE: Throughout the rest of this Guide, information contained within the interactive spreadsheet will be displayed in a box.

Step 1

Considerations for the Continuation of Work

The first step in the process is to determine if the work should continue. A completed sample of the worksheet is shown below. Since the formulas are imbedded in the worksheet functionality, all you have to do is choose Yes or No to answer the question. Some decision elements are weighted heavier, such as statutory requirements and customer service. (NOTE: The sample throughout this guide is based on data for an **Information Technology Specialist 5**.)

The first step in the decision guide process is to establish the need to continue the work. Complete the worksheets by choosing "Yes" or "No". Your responses will be weighted and summarized on the final page.

Function / Program Continuation

Is there a statutory requirement to conduct the work in this agency?

☒ Yes ☐ No

Can the product/service be obtained in another State agency?

☐ Yes ☒ No

If eliminated, would it have the appearance of being non-responsive to the customer?

☒ Yes ☐ No

Does a non-public entity perform the function?

☒ Yes ☐ No

Is it essential to the organization?

☒ Yes ☐ No

Can the work be realigned or redistributed?

☐ Yes ☒ No

Can overtime cover the work?

☐ Yes ☒ No

Step 2

Considerations for Process Improvement / Automation

The second step in the Decision Tree is process improvement/automation alternatives. While exploring this option, it is recommended that you obtain a cost estimate to automate (if applicable) all or a portion of the process from your information technology staff/vendor.

Process Improvement

Has the process workflow been analyzed for efficiency/redundancies?

☒ Yes ☐ No

Has the process workflow been analyzed in the last year?

☒ Yes ☐ No

Is there an opportunity for the process to be more efficient?

☒ Yes ☐ No

Can the improved process be automated?

☒ Yes ☐ No

What is the cost of automation to support the process?

\$ 120,000.00

Step 3

Has the content of the job significantly changed? Should it be reclassified?

The next step is to examine the need for position reclassification. Consider things such as what are the work activities required and the associated competencies.

Classification Considerations

Have the duties changed enough since last reviewed to warrant reclassification?

☒ Yes ☐ No

Is this an opportunity to acquire new / needed competencies and therefore significantly change the position?

☐ Yes ☒ No

If Yes, would these new competencies be sufficient to warrant job reclassification?

☐ Yes ☒ No

Step 4

Succession Planning

Succession Plan Applicability

Is this a critical position identified in the department's Succession Plan?

☐ Yes ☒ No

Is there a likely successor?

☐ Yes ☒ No

Step 5

Contractor Cost and Considerations

The next step is to determine if the work should be provided through a contractor. To complete this step, an hourly rate will have to be established. Complete the boxes below with the hourly rate, number of hours worked per week, and the number of weeks needed the first year. The Total will be automatically filled in.

Hourly Rate	\$	65.00
Hours Per Week		35
Estimated Number of Weeks Needed		52
Number of Contractors		1
	\$	118,300.00
Department's Overhead Percentage*		17.50% (enter as decimal)
Total Contractor Cost		\$139,002.50

Contracting Considerations

Will contracting allow more time for State employees to focus on the core business?	<input checked="" type="radio"/> Yes <input type="radio"/> No
Is the work to be contracted critical or part of the core business of the organization?	<input checked="" type="radio"/> Yes <input type="radio"/> No
Would work quality improve if it was contracted?	<input type="radio"/> Yes <input checked="" type="radio"/> No
Has the work become more complex/legal to warrant a specialized contractor?	<input type="radio"/> Yes <input checked="" type="radio"/> No
Will contracting allow for reducing State staff?	<input checked="" type="radio"/> Yes <input type="radio"/> No
Is the work of short duration or is the need so great that time prevents finding an employee to do it?	<input type="radio"/> Yes <input checked="" type="radio"/> No
Does the position require extensive training so that if turnover occurs it is more cost effective to contract?	<input checked="" type="radio"/> Yes <input type="radio"/> No
Is there an increased liability issue involved if the work is contracted?	<input type="radio"/> Yes <input checked="" type="radio"/> No
Is confidential information involved in the work being contracted?	<input checked="" type="radio"/> Yes <input type="radio"/> No
Are there outside contractors available to perform the work?	<input checked="" type="radio"/> Yes <input type="radio"/> No

* Enter Overhead **only** if Contractor is working on-site

Step 6

Hiring Costs

Step six looks at the cost to hire a permanent full time employee. Fill in the annual salary line that is highlighted and your department's Overhead percentage. The rest of the costs will automatically be calculated based on statewide averages.

Step 6 Hiring Costs

State Employee Cost Considerations

Salary (Enter first year annual salary)

Number of Employees at above Salary

Subtotal

Benefits

Social Security

Retirement

Insurances

Other Pay (such as bonuses)

Subtotal

Training

Subtotal

Overhead (enter as a decimal)

Subtotal

Turnover Costs*

TOTAL COST TO HIRE A STATE EMPLOYEE

Costs	
\$	64,450.00
	1
\$	64,450.00
\$	3,867.00
\$	3,415.85
\$	4,898.20
\$	1,675.70
\$	78,306.75
\$	78.31
\$	78,385.06
	17.50%
\$	92,102.44
\$	21,194.00
\$	113,296.44

*Use Turnover Calculator to develop Turnover Costs

Step 7

Summary

A summary of your decisions can be seen at-a-glance along with costs and breakeven analysis. A sample summary follows:

	Considerations	Weighted Score		Cost	Breakeven Point
		Yes	No		
1	Should the function / program continue?	15	5		
2	Should the process be improved/automated?	5	4	\$ 120,000.00	
3	Should the position be reclassified?	3	3		
4	Will the Succession Plan fill the position?	0	3		
5	Should the work activities be contracted out?	7	9	\$ 139,002.50	
6	Cost to Hire			\$ 113,296.44	
7	Process Improvement				1.06
8	Contractor vs. Hire				1.23

An interpretation of this example suggests that:

1. The work should be continued
2. Process improvement opportunities exist and automation of the process would cost \$120,000.
3. Reclassification might be needed. Work with your personnel officer on this.
4. A successor is not available. (Succession Planning guidelines are currently being developed for the State of Iowa. This section of the Staffing Decision Guide will be updated as the Succession Planning project progresses.)
5. Contracting is a possibility. The total cost for a contractor in this situation would be \$139,002.⁵⁰.
6. The total cost to hire a state employee for this position would be \$113,296.⁴⁴.
7. Process improvement costs would be 106% of the cost necessary to hire an employee.
8. For the contractor in this example, the State would be able to hire 1.23 employees.

Questions or comments please contact Sam Hoerr at 281-4718 or sam.hoerr@idop.state.ia.us.

Turnover Calculator

A Turnover Calculator follows the Decision Guide Worksheets for the purpose of capturing all separation and recruitment costs. There will always be an IDOP baseline of \$500 for processing costs. IDOP's baseline includes those cost associated with processing the vacancy and applications, including staff time to review minimum qualification, generate lists, and maintain files. Specific departmental separation, recruitment and selection costs related to the open position should be added to the baseline. Those costs could include college campus recruiting and associated expenses for the specific position. A list of potential costs have been identified and included in the Turnover Calculator. Once those specific costs are entered into the Turnover Calculator, Step 6 of the Decision Guide will be updated automatically. If no additional costs are entered, the baseline of \$500 will be used as the turnover cost.

Step 1 - Separation Costs

Separation Costs

Vacation pay and sick leave payout
Exit interview interviewer's time
Exit interview employee's time and hourly rate
Unemployment compensation payments
Administration or record keeping

Hours	Hourly Rate	Actual Cost	Total
		\$ 500.00	\$ 500.00
1	\$ 25.00		\$ 25.00
1	\$ 20.00		\$ 20.00
			\$ -
2	\$ 14.00		\$ 28.00
Total			\$ 573.00

Step 2 - Replacement Costs: Recruitment

Replacement Costs: Recruitment

Job evaluation
Job description update
Advertising
Campus visits and recruiting
Other targeted recruiting programs
Employment agency or search firm fees
Temporary agency fees
Employee referral bonus

Hours	Hourly Rate	Actual Cost	Total
2	\$ 25.00		\$ 50.00
1	\$ 25.00		\$ 25.00
		\$ 1,000.00	\$ 1,000.00
		\$ 1,000.00	\$ 1,000.00
			\$ -
			\$ -
			\$ -
			\$ -
Total			\$ 2,075.00

Step 3 - Replacement Costs: Selection

Replacement Costs: Selection

Initial screening interviews
Application/resume tracking and review
Reference checks
Interviewing time for HR staff
Interviewing time for managers
Pre-employment skills testing
Pre-employment drug testing
Pre-employment medical examinations
Pre-employment psychological examinations
Recruitment bonus payments
Travel costs / Moving expenses

Total

Hours	Hourly Rate	Actual Cost	Total
16	\$ 25.00		\$ 400.00
6	\$ 25.00		\$ 150.00
2	\$ 25.00		\$ 50.00
30	\$ 25.00		\$ 750.00
10	\$ 50.00		\$ 500.00
		\$ 250.00	\$ 250.00
		\$ 50.00	\$ 50.00
		\$ 150.00	\$ 150.00
			\$ -
		\$ 4,000.00	\$ 4,000.00
		\$ 2,000.00	\$ 2,000.00
			\$ 8,300.00

Step 4 - Replacement Costs: Orientation

Replacement Costs: Orientation

Tours
HR staff time
Managerial time
Co-worker time
Orientation materials

Total

Hours	Hourly Rate	Actual Cost	Total
			\$ -
2	\$ 25.00		\$ 50.00
1	\$ 50.00		\$ 50.00
2	\$ 18.00		\$ 36.00
		\$ 25.00	\$ 25.00
			\$ 161.00

Step 5 - Replacement Costs: Training

Replacement Costs: Training

Planning and design of training
Training materials
Trainers (internal and external)
Time by managers
Time by co-workers
Educational institution courses

Total

Hours	Hourly Rate	Actual Cost	Total
10	\$ 25.00		\$ 250.00
		\$ 1,180.00	\$ 1,180.00
4	\$ 35.00		\$ 140.00
5	\$ 50.00		\$ 250.00
10	\$ 25.00		\$ 250.00
		\$ 2,500.00	\$ 2,500.00
			\$ 4,570.00

Step 6 - Productivity Costs

(This step of the Turnover Calculator will be harder to quantify than previous steps. Many of the items listed in this step are meant to remind you of some of the "ripple" effect of turnover that is hard to calculate.)

Productivity Costs

Production down time
Increased quality control costs
Increased waste costs
Overtime
Unfinished work
Morale of employees assuming extra work
Stimulation of additional turnover
Loss of supervision because of hiring and training tasks
Work team disruption

Hours	Hourly Rate	Actual Cost	Total
120	\$ 22.00		\$ 2,640.00
			\$ -
			\$ -
50	\$ 47.50		\$ 2,375.00
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
Total			\$ 5,015.00

Cost of Turnover Calculator Summary

The Turnover Calculator Grand Total, is automatically added to the IDOP base amount of \$500, which represents the base amount that it costs IDOP for a department to hire one employee.

Cost of Turnover Summary

Separation Costs
Replacement Costs: Recruitment
Replacement Costs: Selection
Replacement Costs: Orientation
Replacement Costs: Training
Productivity Costs

Total
\$ 573.00
\$ 2,075.00
\$ 8,300.00
\$ 161.00
\$ 4,570.00
\$ 5,015.00
Grand Total \$ 20,694.00